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## Philippines

### Trade Policy Monitoring

### MAV Update

**2005**

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**Report Highlights:**

In June 2005, the Philippine Department of Justice (DOJ) ruled that the Department of Agriculture (DA) may continue implementing the Minimum Access Volume (MAV) and the Agricultural Competitiveness Enhancement Programs (ACEF) programs beyond June 30, 2005. As such, the DA has made a call for qualified applicants for the remaining available MAV for 2005. The DA is expected to maintain its final year MAV commitments until such time as a new WTO agreement is reached. Current regulations relative to MAV, such as exemption from application of Special Safeguard (SSG) shall continue as before.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Manila [RP1]  
[RP]

Earlier this year the Philippine Department of Agriculture (DA) sought the opinion of the Department of Justice (DOJ) on the expiration of the Minimum Access Volumes (MAV) and the Agricultural Competitiveness Enhancement Fund (ACEF). In June 2005, the DOJ ruled that the DA may continue implementing the MAV and the ACEF beyond June 30, 2005. The DOJ stated that the WTO Agreement on Agriculture, Republic Act 8178 (Agricultural Tariffication Act) and various DA Administrative Orders governing MAV and the ACEF do not provide any time limit for the application of the two programs.

In the absence of a new trade agreement, the DOJ further ruled that the level of the MAV on the 10th year would stand as the member country's commitment to the WTO agreement. Moreover, based on the WTO agreement schedule adopted for each member country, importations in excess of the specified MAV would be allowed provided the higher out-of-quota tariff rate is paid.

As a result, the Agricultural Competitiveness Enhancement Fund (ACEF) may also continue up to December 31, 2007. The ACEF is one of the safety nets set by the government to cushion the initial adverse effects of a more open trade regime. The funds are created from the in-quota tariff collections from MAV commodities (i.e., corn, sugar, pork, poultry, potatoes, coffee and coffee extracts) earmarked to support agricultural development that boosts farmers' competitiveness (i.e., infrastructure development, extension, credit assistance).

In January 2005, the DA distributed approximately 45 percent of the Philippines' 9th year MAV allocations for all specific MAV commodities.

HS Code	Commodity (MT)	2005 MAV	Volume Allocated January 2005
0203	Fresh/Chilled/Frozen Pork	27,105 <sup>1</sup>	16,170
0207	Fresh/Chilled/Frozen Poultry	10,374	10,374
0701	Fresh/Chilled Potatoes	772	772
0901	Coffee Beans	745	745
1005	Corn	108,470	108,470
2101	Coffee Extracts	37	37

Source: Philippine Department of Agriculture, MAV Secretariat

To complete the 2005 volumes, the DA is expected to issue the remaining 55 percent of the 2004/9th year MAV allocations to current quota holders based on their existing shares. Moreover, the incremental annual quota increases plus any recalled 2005 volumes will be open to qualified applicants based on existing DA Administrative Order Nos. 8 (1997) and 52 (2002).

On July 10, 2005, the DA made a call for applicants for the remaining available MAV for the year as follows:

HS Code	Commodity (MT)	Available MAV 2005
0203	Fresh/Chilled/Frozen Pork	27,105
0207	Fresh/Chilled/Frozen Poultry	860
0701	Fresh/Chilled Potatoes	778

<sup>1</sup> 10,935 MT allocated on First-Come-First-Served

1005	Corn	12,276
1701	Cane or beet sugar and chemically Pure sucrose, in solid form	64,050

Source: MAV Management Committee as published in the Philippine Star, July 10, 2005

A table of the GRP's initial and final year MAV commitment is attached. The DA is expected to maintain final year MAV commitments until such time as a new WTO agreement is reached.

H.S Code	Description of Products	Initial Year	Final Year	Units
0203	Pork	32,520	54,210	MT
0207	Poultry meat	14,090	23,490	MT
0701	Potatoes	930	1,550	MT
0901	Coffee	5.90	5.90	MT
1005	Corn	130,160	216,940	MT
1701	Sugar	38,430	64,050	MT

In 2004, the GRP released its 2004/05 Tariff Schedule. Current in-quota and out-of-quota tariff rates for MAV commodities are as follows:

HS CODE (Commodity)	TARIFF RATE (percent)					
	2002		2003		2004/05	
	IN	OUT	IN	OUT	IN	OUT
0203 (Pork)	30	60	30	40	30	40
0207 (Poultry)						
Frozen Chicken (Whole)	40	60	40	40	40	40
Frozen Chicken (Liver)	40	60	40	40	40	40
Frozen Chicken (Cuts/Other Offals)	40	50	40	40	40	40
Frozen Turkey (Whole)	30	40	30	35	30	35
Frozen Turkey (Liver)	40	60	40	40	40	40
Frozen Turkey (Cuts/Other Offals)	30	40	30	40	30	40
Frozen Ducks/Geese/Pigeons (Whole)	40	50	40	40	40	40
Frozen Ducks/Geese/Pigeons (Cuts/Other Offals)	40	60	40	40	40	40
0701 (Fresh/Chilled Potatoes)	40	50	35	40	40	40
0901 (Coffee Beans, not roasted, not decaffeinated)	30	50	30	40	30	40
(Coffee Beans, not roasted decaffeinated)	40	50	35	40	40	40
(Coffee Beans, roasted, not decaffeinated)	40	50	35	40	40	40

(Coffee Beans, roasted,decaffeinated)	40	50	35	40	40	40
1005 (Corn)	35	65	35	50	35	50
1701 (Sugar)	50	65	50	50	50	65
2101 (Coffee Extracts)	30	55	30	45	30	45

Source: Philippine Department of Agriculture and 2004 Tariff and Customs Code

Since 2002, the GRP has imposed a special safeguard duty on several lines of chicken and chicken products, which doubles the effective rate of protection for all out-of-quota imports of the said products. All in-quota imports of chicken under MAV will continue to be exempt from application of SSG.